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SUBJECT: EGYPT'S ECONOMY: JULY 13 PRESS ROUND-UP

1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

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Annual Suez Canal Revenues Fall in FY2008/09  
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2. (U) The Suez Canal Authority (SCA) announced that it earned LE26.5 billion (US\$4.74 billion) during FY 2008/09, about 4% of Egypt's GDP, which is down from LE28.5 billion (US\$5.11 billion) in FY2007/08. However, SCA's revenue in June 2009 was LE1.9 billion (US\$348 million), which is 1.6% higher than the same month last year. The National Bank of Egypt has estimated that SCA's revenue in FY2009/10 will reach LE26.8 billion (US\$4.8 billion). (Al Shorouk, 7/9/2009)

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Government Announces New Value-Added Tax Law  
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3. (U) The Egyptian Finance Minister, Youssef Boutros Ghali, announced that the Ministry of Finance has finalized the new value-added tax (VAT) law. The VAT will replace the existing sales tax, a policy overhaul the GOE postponed repeatedly over the past several years due to high inflation and the global economic crisis. However, businesses earning less than LE300,000 (US\$53,700) annually will be exempt from the VAT. Boutros Ghali will send the new law to Parliament when it convenes again in November. (Al Mal, 7/8/2009)

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Scientists Begin Surveying Sites for Nuclear Plant  
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4. (U) A team of international nuclear experts began geological and environmental surveys last week at several proposed sites for a nuclear energy plant, according to a spokesman for the Australian Worley Parsons engineering company, which last month signed a contract with the Government of Egypt (GOE) to build the plant. The team will survey at least five sites, including one near the Mediterranean coastal town of Dabaa, where Egypt planned to build a nuclear plant in the 1980s, and two sites along the Red Sea in the southeast corner of Egypt. The Vice Chairman of Egypt's Nuclear Power Plan Authority said that the team will complete its surveys within six to seven months. (Al Masry Al Youm, 7/8/2009, Al Shorouk, 7/13/2009)

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GOE Allocates LE4.3 Billion for 1000 Poorest Villages  
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5. (U) Prime Minister Ahmed Nazif announced that the GOE has allocated LE4.3 billion (US\$768 million) for the development of the 1000 poorest villages in Egypt. Speaking during the opening session of a conference on social policies, Nazif stated that the money will be used to expand and enhance public services, including electricity, sanitation, water, medical units, social services centers, youth centers, roads and housing. (Al Ahram, 7/5/2009)

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National Bank of Egypt Looks to Expand Regionally  
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¶16. (U) The National Bank of Egypt has announced plans to expand regionally, eyeing potential acquisition opportunities in Sudan and Libya. The bank's Vice President, Hisham Okashah, said that it will decide which countries and cities to open branches in based mainly on local demand for the Egyptian pound. (Al Alam Al YoQ, 7/5/2009)

SCOBAY